

**STATE OF NEW HAMPSHIRE**  
**BEFORE THE**  
**PUBLIC UTILITIES COMMISSION**

Docket No. DW 23- \_\_\_\_

Pennichuck Water Works, Inc.  
Pennichuck East Utility, Inc.  
Pittsfield Aqueduct Company, Inc.

Permanent Rate Proceeding

**MOTION FOR WAIVER OF CERTAIN Puc 1604.07(a) RATE BASE SCHEDULES**

NOW COMES, Pennichuck Water Works, Inc. (PWW), Pennichuck East Utility, Inc. (PEU), and Pittsfield Aqueduct Company, Inc. (PAC) (together, Companies) in accordance with N.H. Code Admin. Rule Puc 201.05, and hereby move the New Hampshire Public Utilities Commission (Commission) to waive select provisions of N.H. Admin. Rule Puc 1604.07(a) pertaining to rate base. In support of this motion, PWW, PEU, and PAC state as follows:

**Background**

1. PWW, PEU, and PAC are regulated public utilities wholly-owned by Pennichuck Corporation (Penn Corp), which is, in turn, wholly-owned by the City of Nashua, New Hampshire (City). The City acquired its ownership of Penn Corp on January 25, 2012, pursuant to Order No. 25,292 in Docket No. DW 11-026.

2. In approving the acquisition, the Commission approved modifications to PWW's revenue requirement methodology. PWW, PEU, and PAC's revenue requirement structure has been additionally modified in subsequent general rate proceedings to the point where traditional rate base is no longer an element of the utilities' revenue requirement methodology.

3. In lieu of traditional rate base and other traditional components, PWW, PEU, and PAC have a uniform revenue requirement methodology that contains:

- City Bond Fixed Revenue Requirement (CBFRR);
- Operating Expense Revenue Requirement (OERR) which contains sub-revenue requirements for material and non-material operating expenses;
- Debt Service Revenue Requirement (DSRR) which contains sub-revenue requirements for the principal and interest on all outstanding debt plus a 10% overcover on the principal and interest to meet the bond covenants; and
- Material Operating Expense Factor (MOEF) which works to stabilize revenues for operating expenses.

4. As a result of this unique revenue requirement methodology, in Docket No. DW 19-084, the Commission approved waiver of select rate base schedules: Puc 1604.07(a)(11) Schedule 3 - Rate Base; Puc 1604.07(a)(12) Schedule 3A - Working Capital; and Puc 1604.07(a)(13) Schedule 3 Attachment - Pro Forma Adjustment Rate. See, Secretarial Letter dated May 31, 2019 in Docket No. DW 19-084 granting waiver of Puc 1604.07(a) (11)-(13). In that Secretarial Letter, the Commission stated: “return on rate base and depreciation components no longer pertain to PWW because, under PWW’s current ratemaking methodology, a debt service component effectively replaced return on rate base and depreciation expense.”

5. Later in Docket No. DW 19-084, the parties agreed: “[t]he Settling Parties agree and recommend that the Commission require PWW to file its subsequent rate cases in accordance with the procedures and methodologies described in this Agreement, unless otherwise modified by the Commission, and consistent with the computations set forth in the exhibits and attachments to this Agreement.” See, Docket No. DW 19-084 Exhibit 9, Settlement

Agreement at 52 (emphasis added). In Order No. 26,383, the Commission approved this term and stated: “[w]e expect that future rate case proceedings will follow the procedures and methodologies outlined in the Settlement Agreement and incorporate those terms into this order by reference.” *Pennichuck Water Works, Inc.*, Order 26,383 (July 24, 2020) in Docket DW 19-084 at 18.

### Waiver

6. PWW, PEU, and PAC will soon file a combined general rate case. In preparation of the rate case materials, the Companies question the need to prepare certain time-consuming schedules<sup>1</sup> pertaining to rate base, which is no longer part of their revenue requirement:

- Puc 1604.07(a)(9) - Schedule 2B- Material and Supplies
- Puc 1604.07(a)(10) - Schedule 2C - Contributions in Aid of Construction
- Puc 1604.07(a)(14) - Schedule 3 Attachment - Name of Account

In the Companies’ experience, since the Commission approved the current revenue requirement methodology, these schedules have not been used in setting the Companies’ revenue requirement. It was initially thought that these schedules could be useful, however in practice, they have not been used in setting the Companies’ revenue requirements. Further, none of these schedules appear in the DW 19-084 settlement agreement schedules, which was the model for future rate filings. Because these schedules have not been relied upon in setting the Companies’ revenue requirements in recent years and because these schedules involve a great deal of time to compile, the Companies believe the time is ripe to waive the rule requirement that they be produced. The Companies believe it is more beneficial for them to spend their time, and for the parties and audit staff to spend their time, reviewing schedules and data that are actually needed in analyzing the Companies’ revenue requirement. The less time spent on unnecessary schedules

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<sup>1</sup> Historically, this data appears in the Companies’ Excel workbook as tabs: Sch 2 Attach A, Sch 2 Attach A Support, Sch 2B, Sch 2B Support, Sch 2C, Sch 2B-By Account Name, and Sch 3C.

has the further benefit of reducing rate case expenses that customers pay. The Companies believe it would be a much more efficient use of everyone's time to only produce schedules that are necessary for determining the revenue requirement. For these reasons, the Companies request the Commission waive production of data for the three schedules listed above.

7. The Companies aver that the waiver will satisfy Puc 201.05 because eliminating these schedules will serve the public interest by allowing the Companies and parties to focus their resources on reviewing only that data needed to evaluate the necessary revenue requirement. Eliminating the unnecessary schedules listed above will not have a negative impact on the Commission or parties' review of the Companies' rate case and revenue requirement because, again, rate base is not a component of the Companies' revenue requirement methodology. In the unlikely event such information does become relevant to the proceeding, parties could request the information in discovery. For these reasons, the utilities aver that granting this waiver will not disrupt the orderly and efficient resolution of the utilities' rate case before the Commission.

8. PWW, PEU, and PAC sought positions from the Department of Energy and the Office of the Consumer Advocate. The Department of Energy responded that it does not take a position at this time but that it will communicate its position to the Commission after the Company filing. The Companies did not receive a response from the Office of the Consumer Advocate by the time of this filing.

### **Conclusion**

9. For the above reasons, the utilities aver that the Commission's prior orders approving the Companies' unique revenue requirement methodology have rendered rate base schedules inapplicable or unnecessary in its rate cases, pursuant to Puc 201.05(b)(1). The

Companies believe that the Commission's granting of the instant motion will serve the public interest and will not disrupt the orderly and efficient resolution of that proceeding because review of rate base is no longer an element of the Companies' revenue requirement.

WHEREFORE, PWW, PEU, and PAC respectfully request that the Commission:

- A. Grant this motion for waiver; and
- B. Provide such other relief as is just and equitable.

Respectfully submitted,

PENNICHUCK WATER WORKS, INC.  
PENNICHUCK EAST UTILITY, INC.  
PITTSFIELD AQUEDUCT COMPANY, INC.

By its Attorney,

NH Brown Law, PLLC

Date: October 9, 2023

By: Marcia A. Brown  
Marcia A. Brown, Esq.  
20 Noble Street  
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Certificate of Service

I hereby certify that on this 9th day of October, 2023, a copy of this motion has been emailed to the Department of Energy and the Office of the Consumer Advocate.

Marcia A. Brown  
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